

3/26/79 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
report	World Oil Outlook (9 pp.) <i>Opened per RAC NLC 126-16-39-1-1 8/7/13</i>	3/26/79	A
memo w/att.	From Brzezinski to The President (6 pp.) re: Meeting with Congress on Middle East Peace Package/enclosed in Hutcheson to Brzezinski and McIntyre 3/26/79 <i>Opened per RAC NLC 126-16-39-2-0 8/7/13</i>	3/26/79	A

FILE LOCATION

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THE PRESIDENT'S SCHEDULE

Monday - March 26, 1979

8:15 Dr. Zbigniew Brzezinski - Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

9:15 Mr. Jody Powell - The Oval Office.

10:00 Meeting with His Excellency Anwar Al-Sadat,
President of the Arab Republic of Egypt.
(Dr. Zbigniew Brzezinski) - Oval Office

11:00 Meeting with His Excellency Menachem Begin,
The Prime Minister of Israel. (Dr. Zbigniew
Brzezinski) - The Oval Office.

1:00 Luncheon Honoring His Excellency and
Mrs. Anwar Al-Sadat, and His Excellency
and Mrs. Menachem Begin - Second Floor
Dining Room.

2:00 Signing of the Peace Treaty Between
Egypt and Israel - The North Lawn.

8:00 State Dinner (Business Suit) Honoring
His Excellency and Mrs. Anwar Al-Sadat
and His Excellency and Mrs. Menachem
Begin - The South Grounds.

Treaty signing statement -- draft

*Not used
J*

↗ We meet today to solemnize a treaty of peace. And
we meet to rededicate ourselves to a vision of peace as old
as mankind.

The peace that is signed today has a meaning that
comes down to us through time.

In ancient days, God promised Abraham that from his
seed would come many nations, and that promise has been ful-
filled. Yet for a long time the people of Israel and the
people of Egypt--two of the nations of the children of

Abraham, trusting in the same God, hoping for the same peace
--knew only enmity and war between them. That time ^{Thank God} is
at an end.


We will not forget the past. To do so would deny the
wisdom bought with its pain. But part of what ^{the past} it teaches
us is the courage not to be bound by it.

Anwar el-Sadat and Menachem Begin have demonstrated that
special kind of courage. These two men, who risked all in
war to win independence for their peoples, now risk all to
wrench hope out of despair. These two men, whose hearts
had grown accustomed to the weight of grief, now reach out
to the enemies of their youth, and dare to make peace.
Theirs is the vision of the Psalmist: "Behold, how good and
how pleasant it is for brethren to dwell together in unity!"*

In the language of Egypt peace is called Salaam; in the
language of Israel it is called Shalom. These words, sacred

*Psalms 133:1

in both languages, signify far more than an absence of war. They signify a tranquility that is permanent and that dwells in freedom and honor.



All of us pray that that kind of peace may someday become a reality throughout the Middle East. But at this moment of thanksgiving, it is well to remember that not all our prayers have yet been answered.

This treaty of peace is but the first step on a long and difficult road. We must not minimize the obstacles that lie ahead. Profound differences still separate the signatories to this treaty from each other and ^{also} from ~~some~~ ^{some} ~~those~~ ^{among} their neighbors who fear what they have done. To overcome those differences, to dispel those fears, we must rededicate ourselves to the goal of a broader peace that is just to all who have suffered in the Middle East.

Too many children have grown up knowing only war and

terror and uneasy cease-fires. There are too many widows, too many orphans, too many desolate villages, too many shattered lives. Yet out of the anguish of the peoples of Egypt and Israel has come a stronger faith, a faith that can reach out to old enemies with honor and dignity and compassion.

We share a vision of a time when all the people of the Middle East may turn their energies to the works of life--when young people can marry and start families with the hope of seeing their children's children--when the old can die quietly in their beds after witnessing many a gentle spring. We pray for that time; we shall work for that time.

This is a season of renewal, when the earth brings forth life. The Koran tells us of a Prophet and King of Israel for whom God's power "made the violent wind flow tamely."* The Old Testament tells us the words of that king, the words of

*The Koran, S.XXI: 81

Solomon:

"To everything there is a season, and a time to every purpose under the heaven."*

For centuries the people of Israel were dispersed around the world, often despised and persecuted. For centuries the people of Egypt suffered under foreign domination. Only in the past generation have these two proud and ancient peoples again become independent nations.

But that generation has also been a time of killing, a time of breaking down, a time to mourn, a time of weeping, a time of war.

We pray that the season of weeping is past, that now will come a time to heal, a time to build up, a time to laugh, a time to dance. We pray that at last the children of Abraham have come to a time of peace.

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*Ecclesiastes 3:1

THE WHITE HOUSE
WASHINGTON

4/2/79

rick--

presume (hope) original
speech cards have already
been sent to you for
3/26/79 treaty of peace
signing ceremony

thanks--susan

d r a f t - Toast, State Dinner

Rich -

Redo -

*You can use
some
words for
your signing
Statecraft*

President Sadat, Prime Minister Begin, Egyptian, Israeli
and American friends:

Welcome, everyone, to this joyous occasion. We have prayed
and worked for peace. Now give thanks to God that we can celebrate
the beginnings of peace in the Middle East.

The first resident of this house, President John Adams,
said that leaders study war and politics so that their children
might study mathematics, philosophy and science so that their
children might study music, architecture and art.

If the day is to come when mankind can, in the words of
the spiritual, "study war no more," then we must have the
foresight and the moral strength to make a commitment now to
a future of peace. That is what Egypt and Israel have done --
and they have set an example for all the world.

After thirty years and four wars, after countless deaths
and terrible anguish, we can now at least glimpse a new era
ahead -- an era, we hope, in which violence no longer dominates
the Middle East, and the just concerns of all find peaceful
expression.

The path of peace has brought us a long way in a short
time.

It was only sixteen months ago that President Sadat made his extraordinary and historic journey to Jerusalem, followed by Prime Minister Begin's visit to Ismailia. Their vision and their courage stirred hope in the hearts of people around the world.

The distance we have come since then is little short of miraculous. There were difficult moments, times when the differences seemed impossible to overcome. But at each of those times, a few simple realities summoned us to renewed effort:

- The sobering awareness of the consequences of failure;
- The knowledge that the process we had embarked upon was the only route to practical progress;
- The obligation we feel to those who have suffered so much, to the young, and to future generations;
- And, above all, the truth of our faith;

These things sustained us, and they have brought us here tonight.

I want to note here a simple fact: that when others could not or would not move to end the seemingly endless tragedy of the middle East, Anwar^{el-}Sadat and Menachem Begin dared to think the unthinkable -- dared to do what others feared could not be done -- dared to sieze history in their hands and turn it toward peace. They deserve the gratitude of everyone on earth.

*Desire
of people
for peace*

This has been an achievement not only of individuals but of peoples -- strong and creative peoples, proud of their past heritage and their present achievements and wise enough to know that their future survival and success can only be assured through cooperation and mutual trust.

Tonight we commemorate not the end but the beginning of a peace process -- for a treaty between Egypt and Israel is but the first step along the road.

We hope that others will soon join us in our efforts to make this a true and lasting peace. I welcome and invite those who have held back -- for whatever motive -- to join us in support of peace, dignity and brotherhood in the Middle East. The way is long and hard -- but peace is the way.

Finally, let me say a word about a new reality which has emerged in the course of the last sixteen months and which, I believe, will assure the success of this treaty. It has been said that we cannot tell the precise moment when friendship is formed. In filling a glass drop by drop there is at last a drop which makes it run over. So too, in the course of shared hopes and work, there comes a moment when the heart runs over. In our days and months together there have been painful moments, sharp words, difficult discussions; but more often, and more importantly, there have been times of true comradeship.

The friendship I feel for President Sadat and Prime Minister Begin and the others -- Egyptian, Israeli, and American -- who serve this cause so selflessly is of great personal importance to me. It is a lasting bond. It will help us surmount the difficulties ahead, and it will make our shared successes all the more joyful.

Let us now commit ourselves to making this treaty the foundation for a wider and greater peace that all the Middle East may join and all the world support. Let us seek, in the words of Thomas Jefferson, "equal and exact justice to all men, of whatever state or persuasion, religious or political; and peace, commerce and honest friendship with all nations."

And now I would like to propose a toast:

-- To the President of the Arab Republic of Egypt, Anwar el-Sadat, and the Prime Minister of the State of Israel, Menachem Begin;

-- To the great and ancient peoples they serve, the people of Egypt and the people of Israel, now joined together in hope;

-- And to the cause we all serve: to peace.

#####

Draft of a speech for President Jimmy Carter to be used at the signing of the Egyptian-Israeli Peace Treaty. 3/24/79

For thirty years, ~~two great nations~~, Israel and Egypt, ^{have} waged war. For the past sixteen months these same two ^{great} nations have waged peace. Today we ~~confirm and~~ celebrate a victory, not of a ^{bloody} ~~crushing~~ military campaign, but of ^{an inspiring} ~~a stirring~~ peace campaign. Two leaders who will loom large in the history of nations, Anwar Sadat and Menachem Begin, have conducted this campaign with all the ~~verve~~, courage, tenacity, brilliance and inspiration of any generals who ever led men and machines on to the field of battle.

~~But there is a grand difference in this campaign.~~ ^{At the end of} The soil of the two lands is not drenched with young blood. The countrysides of both lands are free from the litter and carnage of a wasteful war. ^{in Egypt and Israel are not weeping} Mothers ~~do not weep~~ today for their children fallen in senseless battle. The dedication and determination of these two world statesmen have ~~indeed~~ borne fruit. Peace has come.

I honor these two leaders ~~whose labors are crowned today~~ ^{then} ~~I honor the cabinets, parliaments and~~ government officials who have ~~tirelessly, skillfully~~ hammered out the details of this document we sign and enshrine, but most of all I honor the people of these two lands whose yearning for peace, ~~whose cautious willingness to lay aside old animosities, whose desire for a future free from threat of war created the~~

Apt alive The
~~necessary social and political climate that kept negotiations~~
~~moving forward and that~~ *which* today culminated in this glorious event.

Yes, ~~We~~ we have waged peace and we have won, at least the first step of peace.

~~The signatures affixed to these papers today become~~
~~tangible evidence of profound commitments of leaders and people~~
~~in both nations to continue the pursuit.~~ Obviously time and understanding will be necessary for people, hitherto enemies, to be not only participants in a treaty but to become neighbors in the best sense of the word. *Just* ~~We know that simply~~ because a paper is signed, even with the best of intentions and highest of motivations all the problems will not automatically go away. Future days will *require* ~~call for~~ the best from both nations to give reality to these lofty aspirations.

But let history ~~record and all of us take note:~~ Differences ~~between nations,~~ deep and ancient antagonism can be settled without bloodshed and staggering waste of precious lives, without wanton destruction of incredibly costly machines and material, without rapacious destruction of the land.

~~As differences between Israel and Egypt begin to be settled~~
now
There remains the rest of the Arab world whose support and cooperation is needed and honestly sought. *I am convinced that* ~~For the well being~~
the Arab people want peace, but some leaders still speak of terrorism
~~of the entire world all Arab nations need to cooperate with~~
and war. We must now demonstrate the advantages
~~Israel for the stabilizing commercially, military and culturally~~
of peace.
~~strategic Middle East.~~ *P* ~~No, We have no illusions--hopes,~~
dreams, prayers, yes, but no illusions. ~~We but begin today.~~

and expand its benefits
to encompass all those who
suffered in the Middle East

some

~~However, let all nations clearly understand that we have well begun and we intend to see this pursuit through to the best of all possible conclusions.~~ ^{Let} ^{would} all who ^{would} shatter peace, all who ^{would} destroy property, all who ^{would} callously spill blood--be warned. We three, ~~Egypt, Israel and the United States along and~~ with all others who ^{will} ~~wish to~~ join us will ~~continue to~~ vigorously wage peace.

It has been said:

"Peace has one thing in common with its enemy, with the

Fiend it battles, with war--

Peace is active, not passive;

Peace is doing, not waiting;

Peace is aggressive--attacking;

Peace plans its strategy and encircles the enemy;

Peace marshals its forces and storms the gates;

Peace gathers its weapons and pierces the defense.

Peace, like war, is waged."

(John Nichol quoting Walker Knight)

~~We have no designs on other nations. It is abundantly clear that each of our nations has enough problems of its own, and more, without unnecessarily taking on thorny problems from sister states, but we will have peace--at least to the point of no bloodshed. It is true that we cannot enforce love between nations but we can use all means at our disposal to see that~~ ^{strength}

nations do not go to war. ~~with each other. Do I propose war to make peace? Not at all. But I do emphatically declare that we will work for peace in our war-weary, hate-sated world. We will wage peace.~~

I make a plea: Look at history. Ultimately war has settled nothing. Borders have been rearranged. Leaders, noble and evil, have died along with millions of men, women and children. Multiplied billions of dollars and mountains of resources have been squandered, all to no avail.

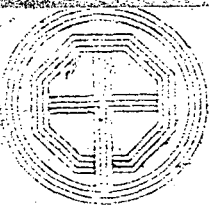
This world can become a decent neighborhood only as we learn to negotiate our differences with conversation and not with bullets. We yearn for peace that is more than an absence of war. Our hearts cry out for peace that permits each man, each nation to develop to the fullest potential possible.

Naive? No. Optimistic? Yes. Possible? A resounding, Yes

Hope beyond hope? Perhaps. But a hope that keeps us ^{speaking to} alive, that enriches our common humanity, that makes us more ^{Insert a Quran Verse about Brotherhood} ~~Our religious doctrines give us hope. The prophet man and less animal; a hope that blazes in the great words Isaiah said: of the Middle Eastern sons of Abraham from the Old Testament: "Nations shall beat their swords into plowshares and their spears into pruninghooks: nation shall not lift up sword against nation, neither shall they learn war any more. (Isaiah 2:4).~~

We pray God that this dream will come true.
~~War has become utterly senseless and for the first time in history potentially universally oblitative. Let us lay aside war. Let us ^{and enjoy} get on with our tasks, discover the adventure of becoming fully human, neighbors, even brothers and sisters.~~

Let us now seek a broader, ^{and comprehensive} peace for all the children of Abraham those who have suffered in the Middle East.



First Baptist Church

Dr. Robert L. Maddox, Jr.

Pastor

March 20, 1979

President Jimmy Carter
The White House
Washington, D. C. 20000

Dear Mr. President:

Enclosed is a draft of a speech that occurred to me about what you are trying to do in the Middle East. You did not ask me for this draft but the idea came to me so I prepared it hoping that it would get to you.

Please know that Linda and I pray for you as you lead our nation and our world.

Sincerely,

Bob Maddox

Bob Maddox

WS

President Jimmy Carter
Draft Signing Statement

3/20/79

During the past 30 years Israel and Egypt have waged war. For the past 16 months these ~~same~~ two great nations have waged peace. Today we celebrate a victory -- not of a bloody military campaign, but of an inspiring peace campaign. Two leaders who will loom large in the history of nations -- Anwar al-Sadat and Menachem Begin -- have conducted this campaign with all the courage, tenacity, brilliance, and inspiration of any generals who ever led men and machines on to the field of battle.

At the end of this campaign the soil of the two lands is not drenched with young blood. The countryside of both lands are free from the litter and carnage of a wasteful war. Mothers in Egypt and Israel are not weeping today for their children fallen in senseless battle. The dedication and determination of these two world statesmen have borne fruit. Peace has come.

I honor these two leaders and their government officials who have hammered out this ^{peace treaty which} ~~document~~ we sign. But most of all I honor the people of these two lands

whose yearning for peace kept alive the negotiations which today culminate in this glorious event.

We have won, at least, the first step of peace -- a first step on a long and difficult road. We must not minimize the obstacles that lie ahead. Differences still separate the signatories to this treaty from each other and also from some of their neighbors who fear what they have done. To overcome those differences, to dispel those fears, we must rededicate ourselves to the goal of a broader peace ^{with justice for} ~~that is just to~~ ^{lived in} all who have ~~suffered~~ ^{a state of} ~~from decades of~~ conflict in the Middle East.

We have no illusions -- ^{we have} hopes, dreams, prayers, yes -- but no illusions.

There now remains the rest of the Arab world whose support and cooperation in the peace process is needed and honestly sought. I am convinced that ~~the~~ Arab people ^{have} want ~~and~~ ^{need} peace, but some leaders are not yet willing to honor these ^{needs and} desires. We must now demonstrate the advantages of peace, and expand its benefits to encompass all those who have suffered in the Middle East.

Obviously time and understanding will be necessary for people, hitherto enemies, to become neighbors in the best sense of the word. Just because a paper is signed, all the problems will not automatically go away. Future days will require the best from us all to give reality to these lofty aspirations.

Let those who would shatter peace -- who would callously spill blood -- be ~~on notice~~ ^{aware that we} three and all others who ~~will~~ ^{may} join us will vigorously wage peace.

So let history ~~take note~~ ^{record that} deep and ancient antagonism can be settled without bloodshed and staggering waste of precious lives, without rapacious destruction of the land.

It has been said: "Peace has one thing in common with its enemy, with the

Fiend it battles, with war --

Peace is active, not passive;

Peace is doing, not waiting;

Peace is aggressive -- attacking;

Peace plans its strategy and encircles the
enemy;

Peace marshals its forces and storms the
gates;

Peace gathers its weapons and pierces the
defense;

Peace, like war, is waged." *

It is true that we cannot enforce trust and cooperation
between nations, but we can use all our strength to see that
nations do not go to war.

Our religious doctrines give us hope.

In the Koran we read: "But if the enemy incline
towards peace, do thou also incline towards peace, and
trust in God: for He is the One that heareth and
knoweth all things." (S.viii.61)

The Prophet

Isaiah said: "Nations shall beat their swords
into plowshares and their spears into pruninghooks:
nation shall not lift up sword against nation, neither
shall they learn war any more. (Isaiah 2:4)

Let us now lay aside war. Let us now ^{reward} ~~seek a broader~~
hunger for a and comprehensive peace ~~for~~ all the children of Abraham
who ~~have suffered~~ in the Middle East. Let us now enjoy

the adventure of becoming fully human, neighbors, even brothers and sisters. We pray God that these dreams will come true.

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BY 125 NARA DATE 7/29/13

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WORLD OIL OUTLOOK

- Iranian production appears to have reached 2.5 mmb/d with 1.8 mmb/d available for export and currently being sold on a spot basis for approximately \$19/bbl, \$5.50 above the official selling price for Iranian crudes. Most purchasers are non-Consortium firms which had been clients of the National Iranian Oil Company (NIOC) before the strike.
- NIOC is in the process of negotiating term contracts for deliveries beginning April 1. As of late last week, about 1.0 mmb/d of Iran's projected export volume for the balance of 1979 (1.8 mmb/d) appears to have been spoken for. Confirmed reports cite 500,000 BD to various Japanese companies, 200,000 BD to Brazil's Petrobras, 150,000 BD to France's CFP (a Consortium member), and 100,000 BD to Ashland Oil. Individual Consortium members have been invited to bid for term contracts by NIOC without the 20¢/bbl discount previously accorded to the Consortium.
- The current resumption of Iranian production and exports has largely eliminated the 2.0 mmb/d supply shortfall that existed in January and February; and, if continued, it will lead to an approximate but tenuous balance in world oil markets in 1979 (See Tab A). However, this balance requires that two conditions be met, both of which should be viewed as precarious:
 - (1) Continued Iranian production at 2.0-3.0 mmb/d, and
 - (2) Extra Saudi and other Arab production.
- Although the recovery of Iranian production since the formation of the Bazargan Government in mid-February has been impressive, as has been the volume of exports at \$19/bbl since March 5, the future of that government and internal political stability remain tenuous in the extreme. Radical, secular, leftist groups, still strong in the oilfields, are both willing and able to interrupt the flow of oil (and revenues to the central government in Tehran) to make their points felt in the political arena. The March 30 referendum on the nature of the new republic will be a likely focal point for

*Iran 2 1/2 mmbd
3/26 meeting
Yamani 10% + 10% / 1/2*

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- political disagreement and strife. The attached cable (Tab B) is extremely somber with regard to the outlook for continued domestic stability. Assuming "a bloody struggle for predominance," continuation of exports would require that one faction held both the oilfields and the central governmental and banking structure through which payments would be made.
- ° Saudi Arabia has reserved its position on second quarter production above the announced 8.5 mmb/d annual ceiling, and will probably continue to do so until after the March 26 OPEC meeting. Continued extra Saudi production could be expected confidently, at least for the second quarter, except for the anticipated Arab reaction to the signing of an Israeli-Egyptian peace treaty. More radical Arab states have announced their intention to pressure Saudi Arabia to show its displeasure by action in the oil arena. One possible response would be discontinuation of the 1.0 mmb/d extra production. This might be joined by similar action on a smaller but still significant scale (given the tight market) by other Arab producers (11.0 mmb/d in addition to Saudi Arabia).
 - ° As shown in the attached graphs (Tabs C & D), spot prices moved up sharply in January, while upward revisions of the much more important contract prices took place in the latter half of February. As of mid-March, 46% of the 34 mmb/d of internationally traded oil (or 15.6 mmb/d) is being sold with surcharges ranging from 70¢/bbl. for North Sea oil to \$5.50/bbl. for Iranian crude. This equates to an average increase of 80¢/bbl., when spread over all internationally traded oil, or an additional 6% over the first quarter increase adopted at Abu Dhabi (See Tab E).
 - ° The price outlook is dominated as much by the March 26 OPEC meeting in Geneva as by the reflection in spot and contract markets of the shortfall of export volumes from the Middle East. Spot product prices in Rotterdam have been moving down steadily since late February because of the end of the heating season and the announced resumption of Iranian exports. This would suggest a dampening of OPEC expectations were it not for the remarkable success Iran has had in moving over 1.0 mmb/d at \$18-\$20/bbl. since March 5. Prices

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on the contract agreements Iran is now negotiating have not been settled and will probably not be until after the March 26 OPEC meeting. We know that \$1.20/bbl. over the official selling price has been offered but rejected by the Iranians, although Sunday's New York Times reports that long-term contracts are being signed at \$15/bbl., about \$1.20/bbl. over the scheduled second quarter price.

- ° It can be expected that Iran and other "price-pusher" states will be advocating some formal price increases. Saudi Arabia would normally take a moderate position on prices; however, they did not press strongly for lower prices at Abu Dhabi in December and may do the same this time out of concern at being too isolated within OPEC (Iran sided with Saudi Arabia in favoring the freeze last year in Caracas) or as a means of showing displeasure over the Israeli-Egyptian peace treaty. Predicting an outcome would be hazardous, but a not improbable and reasonably moderate result would be the adoption of an interim surcharge of \$1.20/bbl. to reflect "market conditions." This would preserve the appearance of not changing the decision at Abu Dhabi while generating the additional revenues all producers desire. As always, this would be a floor leaving individual countries free to price still higher if they wish.

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FREE WORLD OIL SUPPLY BALANCE SHEET
MMB/D

	IV Q 78			I Q 79			ESTIMATED	(SHORTFALL)
	PROJECTED	ACTUAL	CHANGE	PROJECTION		CHANGE	CURRENT	
				PRE-CRISIS	POST-CRISIS		RATE	
TOTAL	53.5	53.0	-0.5	52.6	50.9	-1.7	52.4	(- .2)
OPEC	32.6	32.1	-0.5	31.4	29.7 ^{1/2}	-1.7	31.1	(- .3)
IRAN	6.2	3.8	-2.4	5.9	1.1 ^{2/}	-4.8	2.5	(-3.4)
SAUDI ARABIA	9.2	10.2	1.0	8.7	10.1	1.4	10.1	
IRAQ	2.7	3.1	0.4	2.7	3.1	0.4	3.1	
NIGERIA	2.2	2.3	0.1	2.2	2.4	0.2	2.4	
KUWAIT	2.3	2.4	0.1	2.0	2.6	0.6	2.6	
LIBYA	2.1	2.1	-	2.1	2.2	0.1	2.2	
VENEZUELA	2.3	2.4	0.1	2.2	2.4	0.2	2.4	
OTHER OPEC	5.6	5.8	0.2	5.6	5.8	0.2	5.8	
NON-OPEC ^{1/}	20.9	20.9	-	21.2	21.2	-	21.3	(+ .1)
DEVELOPED COUNTRIES ^{1/}	14.9	15.0	0.1	15.2	15.2	-	15.3	
UNITED STATES ^{1/}	10.8	10.8	-	10.9	10.7	-0.2	10.7	
CANADA	1.6	1.7	0.1	1.7	1.8	0.1	1.8	
W. EUROPE	2.0	2.0	-	2.1	2.2	0.1	2.3	
OF WHICH:								
NORWAY	0.4	0.4	-	0.4	0.4	-	0.4	
UNITED KINGDOM	1.3	1.3	-	1.3	1.4	0.1	1.5	
OTHER	0.5	0.5	-	0.5	0.5	-	0.5	
NON-OPEC LDCs	5.0	4.9	-0.1	5.0	5.0	-	5.0	
OF WHICH:								
MEXICO	1.5	1.4	-0.1	1.5	1.5	-	1.5	
NET CPE EXPORTS	1.0	1.0	-	1.0	1.0	-	1.0	

^{1/} Includes 500,000 b/d of processing gain.

^{2/} Production at 800,000 b/d from Jan. 1 to Mar. 3, rising to 2.5 mmb/d by March 13, maintained at 2.5 mmb/d for rest of month.

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ACTION 171030Z

INFO OCT-01 AF-10 EUR-12 EA-10 ISO-00 CIAE-00 DODE-00
 NGA-00 NCE-00 SSO-00 ICAC-00 INRE-00 PM-05 H-01
 INR-10 L-03 PA-01 SP-02 SS-15 SAA-01 SES-01 IO-14
 ANA-00 DOE-15 SOE-02 TSE-00 OME-01 AID-05 HA-05
 SY-05 SYE-00 MCT-02 /132 W

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O R 170622Z MAR 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 0380

INFO AMEMBASSY ABU DABABI

AMEMBASSY ANKARA

USINTO BAGHDAD

AMEMBASSY BOHH

AMEMBASSY CAIRO

AMCONSUL OMAHRAN

AMEMBASSY DOHA 0001

AMCONSUL FRANKFURT

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY BEIJING

AMEMBASSY RABAT

USLO RIYADH

AMEMBASSY ROME

AMEMBASSY TOKYO

USCINCEUR VAIHINGEN GE

CINCPAC

USCOCOSOUTH

~~CONFIDENTIAL~~ SECTION 01 OF 02 TEHRAN 3016

E.O. 12065: GDS 3/17/85 (TOMSETH, V.L.) OR-P

TAGS: PGOV, PINT, PINS, IR

SUBJECT: THE BAZARGAN GOVERNMENT ONE MONTH LATER AND PROSPECTS FOR THE FUTURE

1. C- ENTIRE TEXT.

2. SUMMARY: THE BAZARGAN GOVERNMENT, AFTER ONE MONTH IN OFFICE, REMAINS EXTREMELY INEFFECTUAL. THE UNEXPECTED SUDDENNESS WITH WHICH IT CAME TO POWER, LACK OF A POLICY ON HOW TO EMPLOY THE FORMER REGIME'S BUREAUCRATS, POLICE AND MILITARY OFFICERS, COLLAPSE OF THE MILITARY AND LAW ENFORCEMENT AGENCIES, AND KHOMEINI'S TENDENCY TO UNDERCUT BAZARGAN ARE AMONG THE FACTORS WHICH EXPLAIN THIS CONTINUED WEAKNESS. WE DOUBT THAT BAZARGAN--AS DISTINCT FROM THE LARGER ISLAMIC REVOLUTIONARY MOVEMENT--WILL BE ABLE TO ASSERT HIS GOVERNMENT'S AUTHORITY OR TO SEE ITS PROGRAM THROUGH TO SUCCESSFUL COMPLETION. RATHER, IT SEEMS MORE LIKELY THAT THE COMING MONTHS WILL BE DOMINATED BY POTENTIAL CONTENDERS FOR POWER PREPARING THEMSELVES FOR THE POSSIBILITY OF EVENTUAL ARMED CONFRONTATION. END SUMMARY.

3. A MONTH AFTER DISPLACING THE LAST GOVERNMENT APPOINTED BY THE SHAH, THE PROVISIONAL GOVERNMENT OF MEHDI BAZARGAN REMAINS EXCEEDINGLY INEFFECTUAL. DURING ITS TIME IN OFFICE IT HAS ACCOMPLISHED ALMOST NOTHING, NOT EVEN ESTABLISHMENT OF AN UNDISPUTED CLAIM TO PRIMACY IN ADMINISTERING THE NATION'S AFFAIRS. MORE OFTEN THAN NOT, IT IS THE REVOLUTIONARY COMMITTEES--WHICH DESPITE REPEATED ANNOUNCEMENTS THAT THEY ARE TO BE INTEGRATED WITH EXISTING

GOVERNMENT AGENCIES, CONTINUE TO THRIVE AS INDEPENDENT POWER CENTERS--THAT ACTUALLY GOVERN, AT LEAST IN MATTERS OF LOCAL CONCERN. THE POWER OF THIS PARALLEL SYSTEM OF GOVERNMENT HAS BEEN ESPECIALLY EVIDENT IN THE AREAS OF LAW ENFORCEMENT AND ADMINISTRATION OF JUSTICE, AREAS WHERE THE PROVISIONAL GOVERNMENT HAS BEEN SHOWN IMPOTENT AND ACUTELY EMBARRASSED TIME AND AGAIN BY ARBITRARY ARRESTS, SUMMARY TRIALS AND GRISLY EXECUTIONS CARRIED OUT BY THE COMMITTEES WITHOUT REGARD TO THE GOVERNMENT'S JURISDICTIONAL RESPONSIBILITIES.

4. THERE ARE SEVERAL FACTORS INVOLVED IN THE PROVISIONAL GOVERNMENTS CONTINUING INABILITY TO FUNCTION EFFECTIVELY. THE FIRST RELATES TO THE UNEXPECTEDNESS WITH WHICH THE BAKHTIAR GOVERNMENT FELL. DESPITE BRAVE PRONOUNCEMENTS FROM THE KHOMEINI CAMP EVEN BEFORE THE AYATOLLAH'S RETURN TO IRAN THAT AN ADMINISTRATIVE STRUCTURE HAD BEEN CREATED AND WAS READY TO REPLACE THE PAHLAVI REGIME, IT IS CLEAR THAT BAZARGAN WAS ALMOST TOTALLY UNPREPARED TO ASSUME COMMAND OF THE GOVERNMENT APPARATUS WHEN HE DID. SECOND, THERE HAS BEEN CONSIDERABLE VACILLATION REGARDING WHETHER OR NOT TO UTILIZE FULLY THE EXISTING CIVILIAN, LAW ENFORCEMENT, AND MILITARY STRUCTURES. BAZARGAN IS CAUGHT ON THE HORNS OF A DILEMMA HERE: MANY SENIOR BUREAUCRATS, POLICE AND MILITARY OFFICER ARE ASSUMED TO BE TAINTED BY VIRTUE OF THEIR COLLABORATION WITH THE PAHLAVI REGIME, BUT OFTEN THEY ARE THE ONLY ONES WITH THE EXPERTISE NEEDED TO DO CERTAIN JOBS. THE PROVISIONAL GOVERNMENT'S UNCERTAINTY IN HOW TO HANDLE THIS MATTER FREQUENTLY RESULTS IN A NO POLICY AT ALL. IN THE ABSENCE OF A CLEARLY DEFINED POSITION, THE COMMITTEES HAVE BEEN LEFT FREE TO DEAL WITH THESE INDIVIDUALS AS THEY SEE FIT. NEEDLESS TO SAY, COMMITTEE MEMBERS HAVE NOT HESITATED TO SETTLE OLD SCORES. THIRD, THE DISINTEGRATION OF LAW ENFORCEMENT AGENCIES AND THE MILITARY HAS LEFT THE PROVISIONAL GOVERNMENT WITH NO MEANS TO BRING FORCE TO BEAR WHEN ITS AUTHORITY IS CHALLENGED--AS IT REGULARLY IS.

5. THE BIGGEST HANDICAP OF ALL, HOWEVER, IS THE ROLE OF AYATOLLAH KHOMEINI. PRIOR TO THE COLLAPSE OF THE PAHLAVI REGIME, AMONG KHOMEINI'S STRENGTHS AS LEADER OF THE OPPOSITION WERE HIS PENCHANT FOR SPEAKING IN GENERALITIES AND, BEYOND A VAGUE INSISTENCE ON RETURNING TO THE POLITICAL IDEALS OF THE PROPHET AND THE IMAMS, HIS APPARENT LACK OF ANY WELL-THOUGHT-OUT PHILOSOPHY OF GOVERNMENT. ACCORDINGLY, HIS PRONOUNCEMENTS WERE OPEN TO A WIDE VARIETY OF INTERPRETATIONS. AS THE ALMOST UNIVERSALLY RECOGNIZED LEADER OF THE IRANIAN REVOLUTION, KHOMEINI STILL HAS TO BE LISTENED TO, BUT THESE DAYS HIS FREQUENTLY DELPHIC UTTERANCES DELIVERED AD LIBITUM NO LONGER MEAN ALL THINGS TO ALL PEOPLE. RATHER, THEY ARE A SOURCE OF CONSIDERABLE CONFUSION AND, ULTIMATELY, ADMINISTRATIVE PARALYSIS AS THE PROVISIONAL GOVERNMENT IS FORCED TO SPEND AN INORDINATE AMOUNT OF TIME PUTTING OUT FIRES STARTED BY KHOMEINI'S OFF-THE-CUFF REMARKS ON SUBJECTS AS DIVERSE AS FROZEN MEAT AND THE WEARING OF THE VEIL.

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Per, Rac Project

ESDN: NLC-120-16-39-1-11

BY KS NARA DATE 7/29/17~~CONFIDENTIAL~~

ACTION 114-11

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 INR-12 L-03 PA-01 SF-02 SS-15 SAA-01 SES-01 H-14
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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE #381

INFO AMEMBASSY ABU DHABI

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CONFIDENTIAL SECTION 02 OF 02 TEHRAN 030100

6. WE DOUBT THAT BAZARGAN WILL BE ABLE TO OVERCOME THE OBSTACLES BEFORE HIM. IT IS EXTREMELY UNLIKELY THAT KHOMEINI WILL REFRAIN FROM MAKING THE KIND OF STATEMENTS THAT HAVE BADLY UNDERCUT THE PROVISIONAL GOVERNMENT TO DATE. ONE SOURCE CLOSE TO THE AYATOLLAH HAS MENTIONED EFFORTS TO PROVIDE HIM WITH BETTER COUNSEL IN THE HOPE THAT IT WILL REDUCE THE NUMBER OF ILL-ADVISED STATEMENTS HE MAKES, BUT KHOMEINI DOES NOT SEEM THE SORT TO HOLD HIS TONGUE FOR CONSIDERATIONS OF PRACTICAL POLITICS. RATHER, HIS PERCEPTION OF HIMSELF AS THE CHOSEN MESSENGER OF GOD IN THE IRANIAN REVOLUTION CARRIES WITH IT A RESPONSIBILITY TO SPEAK OUT ON MATTERS OF DIVINE CONCERN, NOR DOES BAZARGAN HAVE MUCH PROSPECT OF BEING ABLE TO REVITALIZE LAW ENFORCEMENT AGENCIES AND THE ARMED FORCES, ORGANIZATIONS WHICH OTHERWISE MIGHT BE ABLE TO PUT SOME TEETH INTO HIS GOVERNMENT'S MANDATE TO RULE. THE REVOLUTIONARY COMMITTEE STRUCTURE, WHICH FOR THE MOMENT COMMANDS AN OVERWHELMING PREPONDERANCE OF FIREPOWER, HAS ALREADY DEMONSTRATED IT WILL RESIST ALL EFFORTS TO CURB ITS PRESENT PREROGATIVES. MOREOVER, ACCORDING TO THE SAME SOURCE WITH CONNECTIONS TO KHOMEINI MENTIONED ABOVE, KHOMEINI PREFERS THAT THE COMMITTEES CONTINUE IN EXISTENCE.

7. UNDER THE CIRCUMSTANCES, IT WILL BE MOST DIFFICULT FOR THE PROVISIONAL GOVERNMENT TO SEE ITS MAIN TASKS--A REFERENDUM ON THE TYPE OF GOVERNMENT IRANIANS WANT FOR THEMSELVES, ELECTION OF A CONSTITUENT ASSEMBLY TO DEBATE AND ADOPT A NEW CONSTITUTION, AND ELECTION OF A MAJLES AND FORMATION OF A NEW GOVERNMENT UNDER

THE TERMS OF THAT CONSTITUTION--THROUGH TO SUCCESSFUL COMPLETION.

ALREADY, A CONTROVERSY OVER THE FORMAT OF THE REFERENDUM HAS ARISEN, AND INDEED THERE ARE GROWING DOUBTS THAT THE PROVISIONAL GOVERNMENT CAN EVEN SOLVE THE LOGISTICS PROBLEMS INVOLVED IN HOLDING THE BALLOT BEFORE THE DATE IT IS PRESENTLY SCHEDULED FOR--MARCH 30TH. IN THE MEANTIME, ECONOMIC PROBLEMS ACCUMULATE, UNEMPLOYMENT GROWS, ETHNIC MINORITIES GRUMBLE, AND THE REVOLUTIONARY COMMITTEES DO THEIR OWN THING. THAT A POLITICAL PROGRAM SUCH AS THAT SET OUT FOR ITSELF BY THE PROVISIONAL GOVERNMENT WILL BE POSSIBLE IN THE MIDST OF SUCH CONDITIONS STRETCHES CREDULITY TO THE BREAKING POINT.

8. MORE LIKELY, WE BELIEVE, WILL BE EFFORTS BY THOSE FORCES CONTENDING FOR POWER TO DEVELOP THE COERCIVE WHEREWITHAL TO PREVAIL IN A STRUGGLE IN WHICH ARMED STRENGTH ALMOST CERTAINLY WILL DETERMINE THE FINAL OUTCOME. THIS SEEMS TO BE WHAT IS BEHIND DEPUTY PM YAZDI'S PROGRAM TO CREATE A PARAMILITARY NATIONAL GUARD RESPONSIVE TO HIM. YAZDI, THE ONLY MEMBER OF THE PROVISIONAL GOVERNMENT WHO ALSO HOLDS A SEAT ON THE SHADY CENTRAL REVOLUTIONARY COMMITTEE, APPEARS TO BE IN A RELATIVELY STRONG POSITION TO BID ULTIMATELY FOR POWER. HIS MAJOR POINT OF VULNERABILITY IS HIS "AMERICAN CONNECTION," SOMETHING POTENTIAL RIVALS HAVE

ALREADY INDICATED A WILLINGNESS TO EXPLOIT. THE ISLAMIC MOJAHEDIN-E-KHALQ AND THE MARXIST FEDAYIN-E-KHALQ ORGANIZATIONS, BOTH NOW WELL-ARMED, ARE CERTAINLY CONTENDERS. THE VARIOUS LOCAL REVOLUTIONARY COMMITTEES THEMSELVES SEEM TOO FRAGMENTED AND THEIR LEADERSHIP TOO PREOCCUPIED WITH CARVING OUT PETTY FIEFDOMS TO BECOME A SERIOUS ALTERNATIVE TO THE PROVISIONAL GOVERNMENT AS A NATIONAL GOVERNMENT. PERHAPS SOME PROVINCIAL COMMITTEES, HOWEVER, IN PLACES LIKE SHIRAZ (WHERE THE LOCAL COMMITTEE HAS A SIGNIFICANT MILITARY COMPONENT AND LOCAL MILITARY UNITS SURVIVED THE REVOLUTION VIRTUALLY INTACT) MAY POSSESS SUCH POTENTIAL. ETHNIC MINORITIES, SUCH AS THE KURDS, COULD WELL BECOME INFLUENTIAL BY THROWING THEIR SUPPORT TO ONE CONTENDER FOR NATIONAL POWER OR ANOTHER, ALTHOUGH WE DOUBT THAT ANY GROUP ALONE COULD BE A SERIOUS CHALLENGER BY ITSELF.

9. IN SUM, THE COMING MONTHS ARE LIKELY TO SEE CONTINUING PARALYSIS AT THE CENTER WHILE THOSE GROUPS WHICH ARE APT TO BECOME THE REAL CONTENDERS FOR POWER ORGANIZE AND CONSOLIDATE THEIR POSITIONS IN ANTICIPATION OF WHAT COULD EASILY BECOME A BLOODY STRUGGLE FOR PREDOMINANCE.

SULLIVAN

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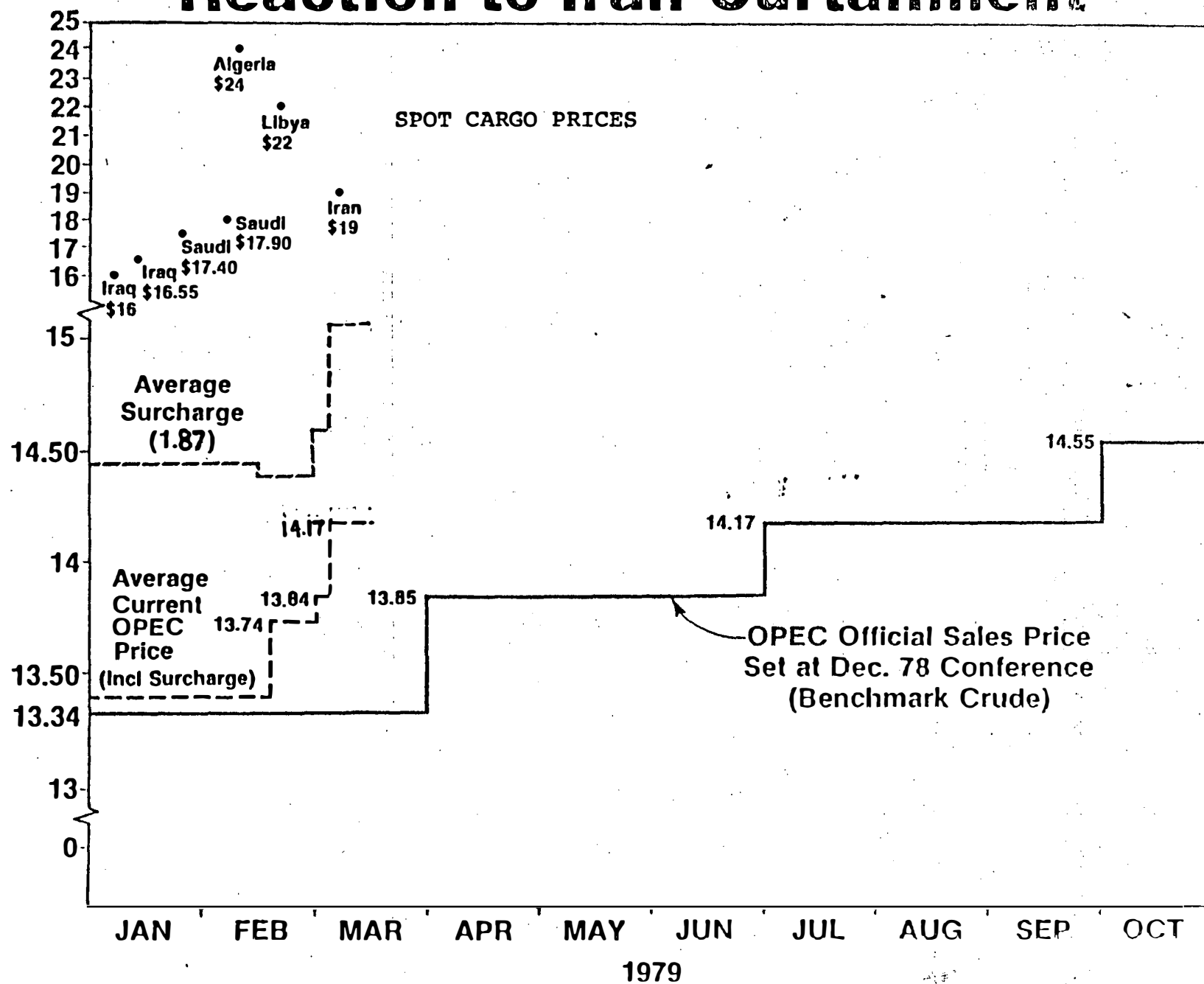
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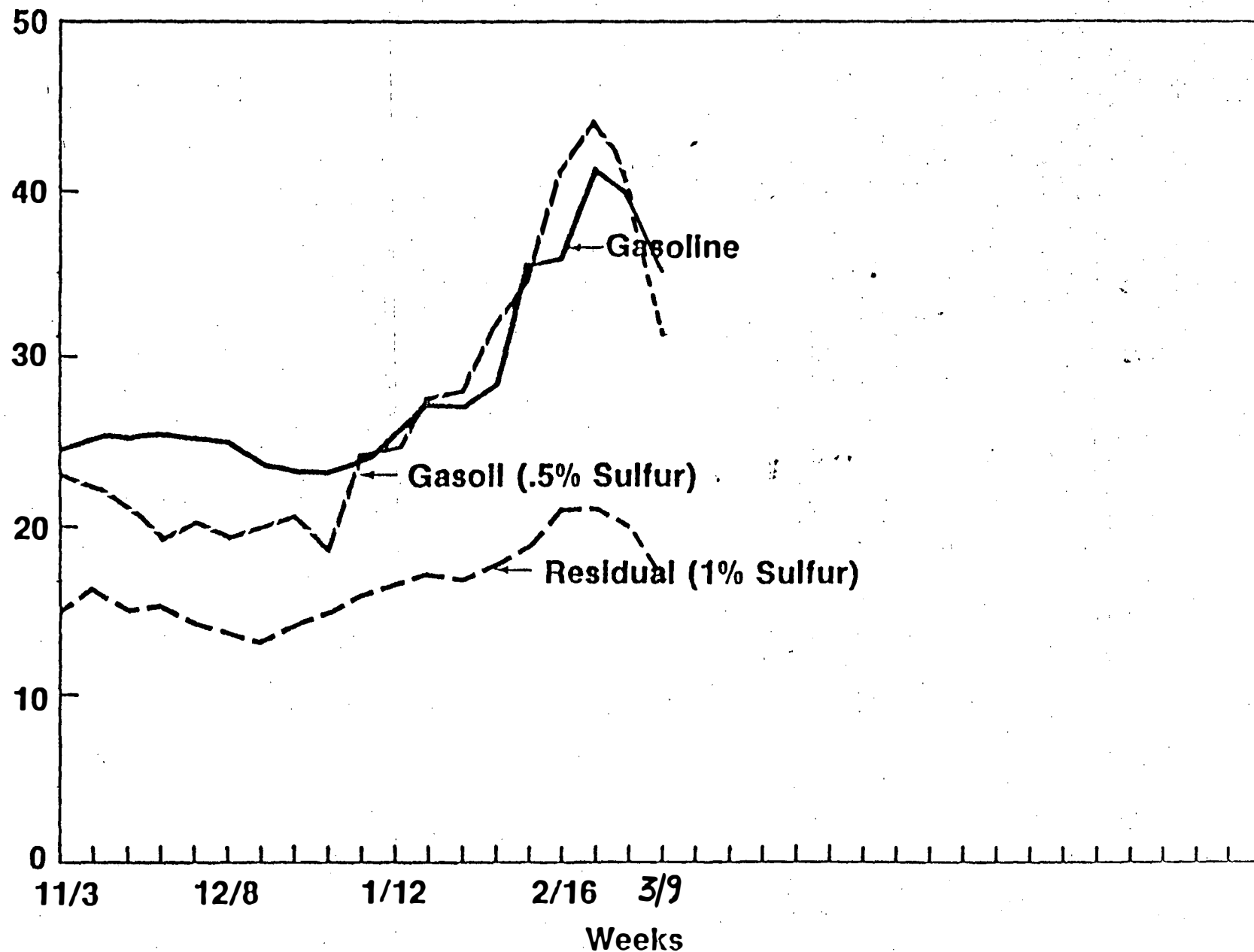
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OPEC: Cr. de O'l Price Reaction to Iran Curtailment



Rotterdam Spot Product Prices

\$/bbl



PRICE REACTION TO IRANIAN CRISIS

Countries Which Are Selling Above Official Prices^{1/}
(\$/bbl)

	<u>Official Price</u> <u>Jan. 1, 79</u>	<u>Current</u> <u>Price</u>	<u>Increase</u>	<u>(000 b/d)</u> <u>Export</u> <u>Volume</u>	<u>Effective</u> <u>Date</u>
<u>OPEC</u>					
Abu Dhabi	14.10	15.12	1.02	1470	Feb. 15 79
Qatar	14.03	15.05	1.02	500	Feb. 15 79
Saudi Arabia ^{2/}	13.34	14.55	1.21	1000	Jan. 1 79
Libya	14.52	15.90	1.38	2200	Mar. 3 79
Kuwait	12.83	14.05	1.22	2200	Feb. 20 79
Venezuela (fuel oil)	(11.40-16.49)	(13.50-19.00)	2.25	600	Mar. 1 79
Iran	13.45	19.00	5.55	1800	Mar. 5 79
Iraq	13.29	14.49	1.20	3000	Feb. 20 79

NON-OPEC

Oman	14.00	15.02	1.02	300	Feb. 15 79
Syria	12.22	15.71	3.49	100	Mar. 1 79
Malaysia	15.05	16.18	1.13	250	Mar. 1 79
Norway	15.05 ^{3/}	15.85	.80	350	Mid-late Jan 79
U.K.	14.84 ^{3/}	15.50	.66	1000	Mid-late Jan 79
USSR	13.86	15.27	1.41	800	Mar. 1 79

Summary: Average ^{4/} surcharge of \$1.73/bbl affecting some 15.6 mmb/d or 46 percent of internationally traded oil (33.8 mmb/d).

Countries Which Have Announced Intention or Appear Likely to Apply Surcharges

Nigeria	14.82	2300	
Algeria	14.80	1100	
Venezuela	14.69	1500	Apr. 1 79
Ecuador ^{5/}	12.97	200	

^{1/} Does not include occasional, small volume spot sales.

^{2/} The Saudis are charging 4th quarter 1979 prices for that portion of current output which exceeds their average annual ceiling of 8.5 mmb/d.

^{3/} No official price exists in Norway and the U.K.; calculated based on similar quality OPEC crude.

^{4/} Weighted by volume.

^{5/} May be currently charging above official price.

OFFICE OF INTERNATIONAL AFFAIRS

18 March 79

THE WHITE HOUSE
WASHINGTON

26 Mar 79

Jim McIntyre
Zbig Brzezinski

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

1143

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input checked="" type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

*top memo
only*

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

conf-d attachment

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
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	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAF SHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

2:30 PM

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

done
J

March 26, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB/ua*
SUBJECT: Meeting with Members this
Afternoon at 2:30

While we originally thought about asking you to raise the issue of aid to Turkey in the context of our security interests in the entire region, I understand that OMB is concerned about how the decision was made. Because they were left out of the process, they may wish to reclama the decision you made at breakfast to give Turkey \$100 million in Security Supporting Assistance and \$50 million in MAP. Given OMB's problems, you will have to decide if you want to raise this issue this afternoon or how to respond if one of the Members raises it.

2:30 PM

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

MEETING WITH MEMBERS OF CONGRESS ON MIDDLE EAST PEACE PACKAGE

Date: Monday, March 26, 1979
Time: 2:30 p.m.
Place: Red Room

From: Frank Moore **FM/BB**
Zbigniew Brzezinski **ZB/MA**

I. PURPOSE

To discuss Middle East Peace Package with Members whose leadership role or committee jurisdictions will play a part in its passage. (U)

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background.

Members of Congress have been receiving conflicting reports on the size of the Middle East Peace Package. Press reports continue to stress \$5 billion. The assumption on the Hill is that you will be asking for all of this in appropriated funds. Since the bulk of the package consists of FMS credits, which require only ten percent Congressional appropriation, the entire package should total no more than \$1.47 billion (including your decisions on economic assistance to Egypt) in actual appropriated funds. (C)

The Members you will be meeting with are all Chairmen and ranking Members of the committees responsible for the Mideast legislation. In addition, we have invited the Leadership. Most of these Members have been consulted in very general terms about the size of the package and options for legislative procedures. In these sessions, and in a meeting held Friday with the Staff Directors of all the appropriate committees, we have found substantial differences in suggested approaches to the legislation. (U)

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Review on March 23, 1985
Classified By: Z. Brzezinski

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Per. Rec Project
ESDN: NLC-126-16-39-2-0
BY MS NARA DATE 8/29/83

The Legislative picture is complicated. Since we will need at least part of the \$800 million grant to relocate Israel airbases this year, a supplemental is required. This supplemental, coupled with other Administration FY79 supplemental requests, will require a third Budget Resolution for FY79, which many Members clearly oppose. Further, decisions will be needed on which legislative route is best for the remainder of the Peace Package. It may be advisable, for example, to request a special authorization and appropriation for FMS credits for both countries to avoid the 50% forgiveness clause that Israel enjoys through the yearly security authorization process.

During the meeting you should be careful not to lock yourself into any specific legislative proposals but rather to solicit advice. We expect you will receive enough diversified advice that whatever you decide will not appear to be running against the mainstream of Congress. You may wish to stress, however, that you do not want the Congress to increase aid over what you have offered both countries. We expect to provide you with a more detailed legislative proposal after your session with these key Members. OMB will be submitting an options memo to you also. (U)

B. Participants. (U)

The following Members have been invited:

Robert Byrd (D, W.Va.)	Tip O'Neill (D, Mass.)
Howard Baker (R, Tenn.)	John Rhodes (R, Ariz.)
Alan Cranston (D, Calif.)	James Wright (D, Tex.)
Frank Church (D, Idaho)	John Brademas (D, Ind.)
Jacob Javits (R, N.Y.)	Clement Zablocki (D, Wisc.)
Richard Stone (D, Fla.)	William Broomfield (R, Mich.)
John Stennis (D, Miss.)	Lee Hamilton (D, Ind.)
John Tower (R, Tex.)	Jamie Whitten (D, Miss.)
Warren Magnuson (D, Wash.)	Silvio Conte (R, Mass.)
Milton Young (R, N.D.)	Clarence Long (D, Md.)
Daniel Inouye (D, Hawaii)	Melvin Price (D, Ill.)
Jake Garn (R, Utah)	Bob Wilson (R, Calif.)
Edmund Muskie (D, Maine)	Robert Giaimo (D, Conn.)
Henry Bellmon (R, Okla.)	Delbert Latta (R, Ohio)

Staff:

Secretary of State Vance	Frank Moore
Secretary of Defense Brown	Bob Beckel
Zbigniew Brzezinski	Madeleine Albright
Jim McIntyre	

C. Press Plan

White House photographer. (U)

III. TALKING POINTS

- Negotiating Environment. Both countries sought substantially higher levels of assistance than the numbers I am considering. (C)
- Purpose. A major objective of the assistance is to compensate Israel for the costs of withdrawal from the Sinai and to assist Sadat with the necessary upgrading and redeployment of his forces. (C)
- Compostion. Both military programs are over three years (1980, 1981, 1982), made up as follows:
 - Israel

\$800 million grant, for airbase relocation to the Negev. (C)

\$2.2 billion FMS credit (30-year payback with ten years of interest-only payments). No forgiveness in payments. (C)
 - Egypt

\$1.5 billion FMS credit. Same terms as for Israel. (C)

\$0.3 billion in economic aid (SSA and PL 480) over three years, CY 1979-1981. (C)
- The total is \$4.8 billion for which only \$1.47 billion in budget authority is necessary. (C)
- To keep this package in perspective, after the 1973 war, the Administration went to the Congress for an emergency \$2.2 billion just to get over the immediate impact of the war on Israel. (C)
- Congressional Strategy. I realize that Congressional action will take time (budget resolution, omnibus supplemental process, etc.), yet the base construction must start without delay to make the three-year deadling. And I feel strongly that we should show our commitment to Israel and Egypt at this time. I would welcome your advice. (C)

Economic Assistant to Egypt

- As you know, we^{are} conducting a very large economic assistance program in Egypt -- nearly \$1 billion annually. The World Bank, Western European countries and Japan also provide about \$1 billion annually. Arab aid has declined sharply since Sadat went to Jerusalem and may virtually dry up for a while in retaliation for Sadat's signing the treaty. (C)
 - The Egyptian people have been led to expect that peace with Israel would bring dividends in the form of faster economic progress. This expectation will be difficult to fulfill, but the Government of Egypt must respond, and it needs western help to do so. (C)
 - I have, therefore, assured President Sadat of our continuing economic support and stated that I would ask the Congress to appropriate \$300 million in additional economic aid for application over the next three years (CY 1979 - 1981). The implication -- but without explicit commitment -- is that aid at about present levels would continue in these three years, (FY 1980-1982). (C)
 - President Sadat said he wanted to get Bob McNamara's help in recruiting a team of leading development planners to help his government devise a plan for accelerated development of Egypt, with specific goals for meeting Egypt's enormous human problems -- health, nutrition, agricultural production, education and training, housing, human fertility, and so on. (C)
 - We will support this proposal and other steps to strengthen Egypt's capacity to carry out a development program. We will help him to get assurances of sustained support from other donors. (C)
- (If Sadat considered timely)
- At this time we cannot clearly see the prospects for a broader program of regional economic cooperation, linking Israel, Egypt, the Palestinians and other Arabs in peaceful cooperation -- commercial, transportation, cultural, technical, and so on. Some leading Members of Congress have advocated such a

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5

program. We do have some hope that the Camp David concept of evolution in the West Bank and Gaza may create opportunities for economic development benefitting those Palestinians committed to peace. We need to be ready to support such regional economic cooperation, particularly conferences, studies and project design work, if and when it can occur. For this purpose, I will ask the Congress for \$20 million in FY 1980 to begin a Middle East Regional Economic Cooperation Fund. It is, admittedly, a contingency fund -- against the happy contingency of positive movement in the next phase of the Middle East peace process. This is, obviously, not part of the proposed aid commitment to Egypt. (C)

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Mtg on energy

3/26/79

THE WHITE HOUSE
WASHINGTON

- ① World mkt price
- ② ~~Market~~ Increase oil
& gas production
- ③ Imported oil from
reliable sources
- ④ Other energy sources
- ⑤ Equity

Presume controls out 9/81

Tax implemented

75% > \$16

Fight battle on tax

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THE WHITE HOUSE
WASHINGTON

3-27-79

To Gretchen Boston

Your performance has always been superlative, and I didn't think you could possibly improve. But last night's banquet was an unequalled achievement. The Peace Treaty itself was a notable event, of course, but your contribution sustained a truly memorable day in the life of our nation.

Thank you.

Jimmy

PRESIDENT JIMMY CARTER
TREATY OF PEACE/SIGNING STATEMENT
MONDAY, MARCH 26, 1979

- 1 -

DURING THE PAST 30 YEARS ISRAEL AND EGYPT HAVE WAGED WAR.
FOR THE ~~PAT~~ ^{PAST} 16 MONTHS THESE SAME TWO GREAT NATIONS HAVE WAGED PEACE.
TODAY WE CELEBRATE A VICTORY -- NOT OF A BLOODY MILITARY CAMPAIGN,...
BUT OF AN INSPIRING PEACE CAMPAIGN.

TWO LEADERS WHO WILL LOOM LARGE IN THE HISTORY OF NATIONS --
ANWAR AL-SADAT AND MENACHEM BEGIN -- HAVE CONDUCTED THIS CAMPAIGN WITH
ALL THE COURAGE, TENACITY, BRILLIANCE, AND INSPIRATION OF ANY GENERALS
WHO EVER LED MEN AND MACHINES ONTO THE FIELD OF BATTLE.

(=OVER=) (AT THE END OF THIS.....)

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AT THE END OF THIS CAMPAIGN THE SOIL OF THE TWO LANDS IS NOT DRENCHED
WITH YOUNG BLOOD. THE COUNTRYSIDES OF BOTH LANDS ARE FREE FROM THE
LITTER AND CARNAGE OF A WASTEFUL WAR. MOTHERS IN EGYPT AND ISRAEL ARE NOT
WEEPING TODAY FOR THEIR CHILDREN FALLEN IN SENSELESS BATTLE.

THE DEDICATION AND DETERMINATION OF THESE TWO WORLD STATESMEN
HAVE BORNE FRUIT. PEACE HAS COME.

I HONOR THESE TWO LEADERS AND THEIR GOVERNMENT OFFICIALS WHO HAVE
HAMMERED OUT THIS PEACE TREATY WHICH WE SIGN. BUT MOST OF ALL, I HONOR
THE PEOPLE OF THESE TWO LANDS WHOSE YEARNING FOR PEACE KEPT ALIVE THE
NEGOTIATIONS WHICH TODAY CULMINATE IN THIS GLORIOUS EVENT.

(=NEW CARD=) (WE HAVE WON, AT LEAST,...)

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WE HAVE WON, AT LEAST, THE FIRST STEP OF PEACE -- A FIRST STEP ON A LONG AND DIFFICULT ROAD. WE MUST NOT MINIMIZE THE OBSTACLES THAT LIE AHEAD. DIFFERENCES STILL SEPARATE THE SIGNATORIES TO THIS TREATY FROM EACH OTHER, AND ALSO FROM SOME OF THEIR NEIGHBORS WHO FEAR WHAT THEY HAVE DONE.

TO OVERCOME THOSE DIFFERENCES,...TO DISPEL THOSE FEARS,...WE MUST REDEDICATE OURSELVES TO THE GOAL OF A BROADER PEACE WITH JUSTICE FOR ALL WHO HAVE LIVED IN A STATE OF CONFLICT IN THE MIDDLE EAST.

WE HAVE NO ILLUSIONS -- WE HAVE HOPES, DREAMS, PRAYERS,...YES -- BUT NO ILLUSIONS.

THERE NOW REMAINS THE REST OF THE ARAB WORLD WHOSE SUPPORT AND COOPERATION IN THE PEACE PROCESS IS NEEDED AND HONESTLY SOUGHT.

(=OVER=) (I AM CONVINCED THAT...)

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I AM CONVINCED THAT OTHER ARAB PEOPLE NEED AND WANT PEACE,...BUT SOME LEADERS ARE NOT YET WILLING TO HONOR THESE NEEDS AND DESIRES.

WE MUST NOW DEMONSTRATE THE ADVANTAGES OF PEACE, AND EXPAND ITS BENEFITS TO ENCOMPASS ALL THOSE WHO HAVE SUFFERED IN THE MIDDLE EAST.

OBVIOUSLY, TIME AND UNDERSTANDING WILL BE NECESSARY FOR PEOPLE, HITHERTO ENEMIES, TO BECOME NEIGHBORS IN THE BEST SENSE OF THE WORD.

JUST BECAUSE A PAPER IS SIGNED, ALL THE PROBLEMS WILL NOT AUTOMATICALLY GO AWAY. FUTURE DAYS WILL REQUIRE THE BEST FROM US ALL TO GIVE REALITY TO THESE LOFTY ASPIRATIONS.

LET THOSE WHO WOULD SHATTER PEACE -- WHO WOULD CALLOUSLY SPILL BLOOD -- BE AWARE THAT WE THREE AND ALL OTHERS WHO MAY JOIN US WILL VIGOROUSLY WAGE PEACE.

(=NEW CARD=) (SO LET HISTORY)

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SO LET HISTORY RECORD THAT DEEP AND ANCIENT ANTAGONISM CAN BE SETTLED WITHOUT BLOODSHED AND STAGGERING WASTE OF PRECIOUS LIVES,... WITHOUT RAPACIOUS DESTRUCTION OF THE LAND.

IT HAS BEEN SAID: "PEACE HAS ONE THING IN COMMON WITH ITS ENEMY,... WITH THE FIEND IT BATTLES, WITH WAR -- PEACE IS ACTIVE, NOT PASSIVE;... PEACE IS DOING, NOT WAITING;...PEACE IS AGGRESSIVE -- ATTACKING;... PEACE PLANS ITS STRATEGY AND ENCIRCLES THE ENEMY;...PEACE MARSHALS ITS FORCES AND STORMS THE GATES;...PEACE GATHERS ITS WEAPONS AND PIERCES THE DEFENSE;...PEACE, LIKE WAR, IS WAGED." (JOHN NICHOL QUOTING WALKER KNIGHT)

IT IS TRUE THAT WE CANNOT ENFORCE TRUST AND COOPERATION BETWEEN NATIONS, BUT WE CAN USE ALL OUR STRENGTH TO SEE THAT NATIONS DO NOT GO TO WAR.

(=OVER=) (OUR RELIGIOUS DOCTRINES.....)

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OUR RELIGIOUS DOCTRINES GIVE US HOPE. IN THE KORAN WE READ:
"BUT IF THE ENEMY INCLINE TOWARDS PEACE, DO THOU ALSO INCLINE TOWARDS
PEACE, AND TRUST IN GOD: FOR HE IS THE ONE THAT HEARETH AND KNOWETH
ALL THINGS." (S.viii.61)

THE PROPHET ISAIAH SAID: "NATIONS SHALL BEAT THEIR SWORDS INTO
PLOWSHARES AND THEIR SPEARS INTO PRUNINGHOOKS. NATION SHALL NOT LIFT UP
SWORD AGAINST NATION, NEITHER SHALL THEY LEARN WAR ANY MORE. (ISAIAH 2:4)

LET US NOW LAY ASIDE WAR. LET US NOW REWARD ALL THE CHILDREN OF
ABRAHAM WHO HUNGER FOR A COMPREHENSIVE PEACE IN THE MIDDLE EAST. LET US
NOW ENJOY THE ADVENTURE OF BECOMING FULLY HUMAN, NEIGHBORS, EVEN
BROTHERS AND SISTERS. WE PRAY GOD THAT THESE DREAMS WILL COME TRUE.

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State Dinner Toast 3/24/79

President Sadat, Prime Minister Begin, Egyptian,
Israeli and American friends:

Welcome, everyone, to this joyous occasion. We have
prayed and worked for peace. Now we humbly give thanks
that we can celebrate the beginnings of peace in the Middle
East.

The peace that was born today has a meaning that
comes down to us through time.

In ancient days, God promised Abraham that from his
seed would come many nations, and that promise has been ful-
filled. Yet for much too long, the people of Israel and the
people of Egypt--two of the nations of the children of

Abraham, trusting in the same God, hoping for the same peace
--knew only enmity between them. That time--Thank God--is
at an end.

After thirty years and four wars, after countless deaths
and terrible anguish, we can now ^{see} ~~at least glimpse~~ a new era
ahead--an era, we hope, in which violence no longer dominates
the Middle East, and the just concerns of all can find peace-
ful expression.

The path of peace has brought us a long way in a short
time.

It was only sixteen months ago that President Sadat
made his extraordinary and historic journey to Jerusalem,
followed by Prime Minister Begin's ^{equally historic} visit to Ismailia. Their
vision and their courage stirred hope in the hearts of
people around the world.

The distance we have come since then is little short of

miraculous. There were difficult moments, times when the differences seemed impossible to overcome. But at each of those times, a few simple realities summoned us to renewed effort:

- The knowledge that the people--of Egypt, of Israel, and of the whole world--deeply and passionately desire peace;
- The awareness that the process we had embarked upon was the only practical route to progress;
- The obligation we feel to those who have suffered so much, to the young, and to future generations;
- And, above all, the depth of our common faith in a just and merciful God.

These things sustained us, and they have brought us here tonight.

I want to note here a simple fact: that when others could not or would not move to end the seemingly endless tragedy of the Middle East, Anwar el-Sadat and Menachem

Begin dared to think the unthinkable--dared to do what others feared could not be done--dared to seize history in their hands and turn it toward peace. Theirs is the vision of the Psalmist: "Behold, how good and how pleasant it is for brethren to dwell together in unity!"*

This is an achievement not only of leaders but of peoples --strong and creative peoples, proud of their past heritage and ~~their~~ present achievements and wise enough to know that ~~their~~ future well-being can be assured only through cooperation and mutual trust.

Tonight we commemorate not an end but a beginning--for a treaty between Egypt and Israel is but the first step along the road.

We hope that others will soon join us in our efforts to make this treaty the cornerstone of a comprehensive peace--a true and lasting peace for the entire Middle East.

*Psalms 133:1

I welcome and invite those who have held back--for whatever motive--to join us. The way is long and hard--but peace is the way.

We share a vision of a time when all the people of the Middle East may turn their energies to the works of life--when young people can marry and start families with the hope of seeing ^{and knowing} their children's children--when the old can die quietly ~~in their beds~~ after witnessing many a gentle spring. We pray for that time; we shall continue to work for that time.

This is a season of renewal, when the earth brings forth life. The Koran tells us of a Prophet and King of Israel for whom God's power "made the violent wind flow tamely."* The Old Testament tells us the words of that ^{same} king, the words of Solomon:

"To everything there is a season, and a time to every

*The Koran, S.XXI:81

purpose under the heaven."*

For centuries the people of Israel were dispersed around the world, often despised and persecuted. For centuries the people of Egypt suffered under foreign domination. Only in the past generation have these two proud and ancient peoples again become independent nations.

But that generation has also been a time ~~of killing,~~ *to die, to pluck up
what is planted, a time to kill,*
a time of breaking down, a time to mourn, a time of weeping,
a time to lose, a time to hate, and
a time ~~of~~ ^{for} war.

We pray that the season of weeping is past, that now
to plant,
will come a time to heal, ^a time to build up, a time to
a time to embrace, a time to love.
laugh, a time to dance, We pray that at last the children
a
of Abraham have come to ~~the~~ time ^{for} of peace.

*Ecclesiastes 3:1

And now I would like to propose a toast:

• To the President of the Arab Republic of Egypt,
Anwar El-Sadat, and the Prime Minister of the State of Israel,
Menachem Begin;

• To the great peoples they serve, the people of Egypt
and the people of Israel, now joined together in hope;

• And to the cause we all serve: ~~to~~ Salaam; ~~to~~ Shalom;
to Peace.

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PRESIDENT JIMMY CARTER

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STATE DINNER TOAST/~~TOAST~~ OF PEACE SIGNINGS

MARCH 26, 1979

PRESIDENT SADAT, PRIME MINISTER BEGIN, EGYPTIAN, ISRAELI, AND
AMERICAN FRIENDS:

WELCOME, EVERYONE, TO THIS JOYOUS OCCASION. WE HAVE PRAYED AND
WORKED FOR PEACE. NOW WE HUMBLY GIVE THANKS THAT WE CAN CELEBRATE THE
BEGINNINGS OF PEACE IN THE MIDDLE EAST.

THE PEACE THAT WAS BORN TODAY HAS A MEANING THAT COMES DOWN TO US
THROUGH TIME.

IN ANCIENT DAYS, GOD PROMISED ABRAHAM THAT FROM HIS SEED WOULD COME
MANY NATIONS, AND THAT PROMISE HAS BEEN FULFILLED.

(=OVER=) (YET FOR MUCH TOO LONG,..)

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YET FOR MUCH TOO LONG, THE PEOPLE OF ISRAEL AND THE PEOPLE OF EGYPT -- TWO OF THE NATIONS OF THE CHILDREN OF ABRAHAM, TRUSTING IN THE SAME GOD, HOPING FOR THE SAME PEACE -- KNEW ONLY ENMITY BETWEEN THEM.

THAT TIME -- THANK GOD -- IS AT AN END.

AFTER 30 YEARS AND 4 WARS, AFTER COUNTLESS DEATHS AND TERRIBLE ANGUISH, WE CAN NOW SEE A NEW ERA AHEAD -- AN ERA, WE HOPE, IN WHICH VIOLENCE NO LONGER DOMINATES THE MIDDLE EAST, AND THE JUST CONCERNS OF ALL CAN FIND PEACEFUL EXPRESSION.

THE PATH OF PEACE HAS BROUGHT US A LONG WAY IN A SHORT TIME.

IT WAS ONLY 16 MONTHS AGO THAT PRESIDENT SADAT MADE HIS EXTRA-ORDINARY AND HISTORIC JOURNEY TO JERUSALEM, FOLLOWED BY PRIME MINISTER BEGIN'S EQUALLY HISTORIC VISIT TO ISMAILIA. (=NEW CARD=) (THEIR,...)

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THEIR VISION AND THEIR COURAGE STIRRED HOPE IN THE HEARTS OF PEOPLE
AROUND THE WORLD.

THE DISTANCE WE HAVECOME SINCE THEN IS LITTLE SHORT OF MIRACULOUS.
THERE WERE DIFFICULT MOMENTS, TIMES WHEN THE DIFFERENCES SEEMED IMPOSSIBLE
TO OVERCOME. BUT AT EACH OF THOSE TIMES, A FEW SIMPLE REALITIES SUMMONED
US TO RENEWED EFFORT:

-- THE KNOWLEDGE THAT THE PEOPLE -- OF EGYPT, OF ISRAEL , AND OF THE
WHOLE WORLD -- DEEPLY AND PASSIONATELY DESIRED PEACE;

-- THE AWARENESS THAT THE PROCESS WE HAD EMBARKED UPON WAS THE ONLY
PRACTICAL ROUTE TO PROGRESS;

-- THE OBLIGATION WE FEEL TO THOSE WHO HAVE SUFFERED SO MUCH, TO
THE YOUNG, AND TO FUTURE GENERATIONS;

(=OVER=) (AND, ABOVE ALL,....)

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-- AND, ABOVE ALL, THE DEPTH OF OUR COMMON FAITH IN A JUST AND MERCIFUL GOD.

THESE THINGS SUSTAINED US, AND THEY HAVE BROUGHT US HERE TONIGHT.

I WANT TO NOTE HERE A SIMPLE FACT: THAT WHEN OTHERS COULD NOT OR WOULD NOT MOVE TO END THE SEEMINGLY ENDLESS TRAGEDY OF THE MIDDLE EAST, ANWAR AL-SADAT AND MENACHEM BEGIN DARED TO THINK THE UNTHINKABLE -- DARED TO DO WHAT OTHERS FEARED COULD NOT BE DONE -- DARED TO SIEZE HISTORY IN THEIR HANDS AND TURN IT TOWARD PEACE.

THEIRS IS THE VISION OF THE PSALMIST: "BEHOLD, HOW GOOD AND HOW PLEASANT IT IS FOR BRETHREN TO DWELL TOGETHER IN UNITY!" (PSALMS 133:1)

(=NEW CARD=) (THIS IS AN ACHIEVEMENT.....)

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THIS IS AN ACHIEVEMENT NOT ONLY OF LEADERS, BUT OF PEOPLES --
STRONG AND CREATIVE PEOPLES, PROUD OF PAST HERITAGE AND PRESENT
ACHIEVEMENTS, AND WISE ENOUGH TO KNOW THAT FUTURE WELL-BEING CAN BE
ASSURED ONLY THROUGH COOPERATION AND MUTUAL TRUST.

TONIGHT WE COMMEMORATE NOT AN END, BUT A BEGINNING -- FOR A TREATY
BETWEEN EGYPT AND ISRAEL IS BUT THE FIRST STEP ALONG THE ROAD.

THE PALESTINIANS AND

WE HOPE THAT OTHERS WILL SOON JOIN US IN OUR EFFORTS TO MAKE THIS
TREATY THE CORNERSTONE OF A COMPREHENSIVE PEACE -- A TRUE AND LASTING
PEACE FOR THE ENTIRE MIDDLE EAST.

I WELCOME AND INVITE THOSE WHO HAVE HELD BACK -- FOR WHATEVER
MOTIVE -- TO JOIN US.

(=OVER=) (THE WAY IS LONG AND HARD,....)

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THE WAY IS LONG AND HARD -- BUT PEACE IS THE WAY.

WE SHARE A VISION OF A TIME WHEN ALL THE PEOPLE OF THE MIDDLE EAST
MAY TURN THEIR ENERGIES TO THE WORKS OF LIFE -- WHEN YOUNG PEOPLE CAN
MARRY AND START FAMILIES WITH THE HOPE OF SEEING AND KNOWING THEIR
CHILDREN'S CHILDREN -- WHEN THE OLD CAN DIE QUIETLY AFTER WITNESSING MANY
A GENTLE SPRING.

WE PRAY FOR THAT TIME;...WE SHALL CONTINUE TO WORK FOR THAT TIME.

THIS IS A SEASON OF RENEWAL, WHEN THE EARTH BRINGS FORTH LIFE.
THE KORAN TELLS US OF A PROPHET AND KING OF ISRAEL FOR WHOM GOD'S POWER
"MADE THE VIOLENT WIND FLOW TAMELY." (S.XII:81)

(=NEW CARD=) (THE OLD TESTAMENT TELLS US.....)

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THE OLD TESTAMENT TELLS US THE WORDS OF THAT SAME KING, THE WORDS OF SOLOMON:

"TO EVERYTHING THERE IS A SEASON, AND A TIME TO EVERY PURPOSE UNDER THE HEAVEN." (ECCLESIASTES 3:1)

FOR CENTURIES THE PEOPLE OF ISRAEL WERE DISPERSED AROUND THE WORLD, OFTEN DESPISED AND PERSECUTED. FOR CENTURIES THE PEOPLE OF EGYPT SUFFERED UNDER FOREIGN DOMINATION. ONLY IN THE PAST GENERATION HAVE THESE TWO PROUD AND ANCIENT PEOPLES AGAIN BECOME INDEPENDENT NATIONS.

BUT THAT GENERATION HAS ALSO BEEN A TIME TO DIE, TO PULCK UP WHAT IS PLANTED, A TIME TO KILL, A TIME OF BREAKING DOWN, A TIME TO MOURN, A TIME OF WEEPING, A TIME TO LOSE, A TIME TO HATE, AND A TIME FOR WAR.

(=OVER=) (WE PRAY THAT THE.....)

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- 8 -

WE PRAY THAT THE SEASON OF WEeping IS PAST, THAT NOW WILL COME
A TIME TO HEAL, TO PLANT, A TIME TO BUILD UP, A TIME TO LAUGH,
A TIME TO DANCE, A TIME TO EMBRACE, A TIME TO LOVE.

WE PRAY THAT AT LAST THE CHILDREN OF ABRAHAM HAVE COME TO A
TIME FOR PEACE.

AND NOW I WOULD LIKE TO PROPOSE A TOAST:

-- TO THE PRESIDENT OF THE ARAB REPUBLIC OF EGYPT, ANWAR EL-SADAT,
AND THE PRIME MINISTER OF THE STATE OF ISRAEL, MENACHEM BEGIN;

-- TO THE GREAT PEOPLES THEY SERVE, THE PEOPLE OF EGYPT AND THE
PEOPLE OF ISRAEL, NOW JOINED TOGETHER IN HOPE;

-- AND TO THE CAUSE WE ALL SERVE: SALAAM; SHALOM; TO PEACE.

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THE WHITE HOUSE
WASHINGTON

26 Mar 79

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

The Vice President
Stu Eizenstat
Hamilton Jordan
Jack Watson

ADMINISTRATIVELY
CONFIDENTIAL

791131

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

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/	VICE PRESIDENT
/	EIZENSTAT
/	JORDAN
	KRAFT
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/	MOORE
	POWELL
/	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

3/24/79

9

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Real Wage Insurance -- Treasury CL reports that the Administration needs to decide whether a substantial additional effort will be made for RWI as there is a strong likelihood some committees will reject the proposal the first week of April.

The Committee situation is as follows:

Senate Budget Committee -- The Senate Budget Committee will mark up the First Budget Resolution for FY '80 the week of April 3. In our judgment, there is a good chance that Real Wage Insurance will not survive this mark up.

This week the Committee decided they would use the CBO's budget figures rather than the Administration's, resulting in a budget deficit of from \$34 to \$37 billion. Hence, there will be an impetus to eliminate an additional \$5+ billion from our budget.

Neither the Committee staff nor Muskie are enthusiastic. Senators Chiles, Johnston, and Exon could easily vote no. Their votes combined with the eight Republicans would be more than the eleven votes necessary to eliminate real wage insurance in the Committee.

House Budget Committee -- We are in somewhat better shape in the House Budget Committee. Giaimo and Wright are favorable. Nonetheless, if four additional Democrats join Brodhead and the Republicans, we will have a majority opposed to us.

Ways and Means -- Alternatives continue to be circulated by the Members themselves and a conclusive result is not expected until the Trade Subcommittee returns from China the first week in April.

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2. Council on Wage and Price Stability -- By a vote of 242 to 175, the House Wednesday passed a one-year extension for COWPS instead of two-year reauthorization.

The Senate will take the bill up next week.

3. Debt Limit -- The Senate will again take up the debt limit bill on Monday. Senators Dole, Armstrong, Domenici and others have been pushing various budget balancing amendments, while Senators Byrd and Long have been working to avoid the same. It now appears Long may have to accept a compromise amendment with no teeth but much rhetoric.

Senator Proxmire will offer his amendment to extend the life of the Renegotiation Board. The amendment is not likely to pass. We have informed Proxmire we will support his amendment only if the bill itself is otherwise amended. If the Proxmire Amendment were to pass, the bill would have to go to conference. Since Chairman Ullman and other members of the Ways and Means Committee are in China, a conference would be delayed, probably until after the March 31 expiration date of the current debt limit.

4. Budget Process -- The Congressional Budget process for FY 79 has hit a serious snag. Because of the increase in debt service costs, the ceilings set in the 2nd Resolution have almost been reached. As a result, we have approximately \$14 billion in FY '79 Supplemental Requests that have not been acted on. Now, we are urgently seeking at least \$800 million in a FY '79 supplemental for the Mideast peace package.

The Budget Committees will most likely respond with a plan to combine the first resolution for FY '80 with a 3rd resolution for FY '79. While this plan is possible, it has never been done before and will no doubt meet with resistance. Passing the 1st Resolution has historically been a very divisive process and any additional burden could delay the Budget Process, and therefore delay funds for the Israeli air bases.

Mark-up on the First Budget Resolution begins the week after next in both Houses.

The Budget Task Force predicts that the Budget Committees will report a deficit no higher than the \$29 to \$30 billion range. We expect Defense budget authority to be cut in the House and the States' portion of General Revenue Sharing to be eliminated in both chambers.

Since both committees are costing our budget recommendations at a higher deficit than we show, we expect they will propose further cuts to attain the \$29 billion target. In order to pass the resolution, the Administration will have to accept many of these cuts, which will be painful to certain Cabinet departments.

5. Health Issues

Hospital Cost Containment -- The Senate Finance Committee spent two hours on HCC while reviewing the Talmadge Medicare-Medicaid legislation, but postponed consideration of the major issues.

It appears now that the Committee will not take up the Talmadge Bill again until April 10 and 11.

Senator Nelson assured us that the Administration's proposal, as it relates to the Talmadge Bill, will receive full debate and consideration.

We are continuing to meet with members of the Finance Committee to try to put together a majority for a cost containment bill.

It now appears the first subcommittee to report cost containment legislation will be the Kennedy Subcommittee, which is scheduled to meet on Tuesday and Wednesday of next week. Although some amendments are anticipated, chances are good that our bill will emerge from the subcommittee intact.

National Health Care -- Secretary Califano will testify on Tuesday, March 27, before the full Finance Committee on national health care legislation.

The Committee has before it for purposes of the Tuesday and Wednesday hearing Senator Long's catastrophic health insurance legislation and the Long-Ribicoff health care bill which includes catastrophic and other provisions.

The Secretary will address those measures and discuss in general the Administration's intentions with respect to the national health plan and the legislation to implement the first phase of that program.

6. Rescissions -- March 20, House-Senate conferees met on the FY '79 rescissions and quickly resolved their differences. The House acceded to all Senate rescissions for HEW programs, totaling \$95.85 million (including a 20 percent across-the-board cut in health professions capitation), while the Senate acceded to the House action restricting all funds under the new Career Education Incentive Act for elementary and secondary schools. The conference report is scheduled for House action Tuesday, March 27, with Senate action expected shortly thereafter.

This must be considered a major Administration victory.

7. Nurse Training Amendments -- The Subcommittee approved reduced funding levels (to \$103 million) for all seven program categories, a figure slightly less than half of the pending House version and in agreement with the conference committee rescission agreement reported on March 20. These figures are within OMB's range of acceptability. Thus, we will now focus on the Appropriations Committee to get as low a figure as possible. In the House, the going will be much tougher, as Chairman Staggers is not inclined to make any cuts.

8. Deregulation -- The jurisdictional dispute between Senators Kennedy and Cannon has been settled. The Commerce Committee will get the bill. If Commerce reports it out, it goes to Judiciary for thirty days. Kennedy's Committee gets a chance to hold hearings on the bill but cannot amend it in Committee. Cannon has effectively defended what he regards as his turf, and Kennedy has been forced to settle for a face-saving gesture.

On the House side, Congressmen Mikva and Derwinski issued strong endorsements Friday for deregulation. They are the first in the House to do so.

9. AMTRAK -- FRA Administrator Sullivan and Amtrak President Boyd shared the witness table amicably for two days of Amtrak hearings before the House Transportation Subcommittee. Congressman Conte took advantage of the occasion to defend the "Montrealer", a train slated to be cut that crosses his central Massachusetts' district.

The other Members of the Subcommittee did not protest the re-structuring and we remain confident that the Subcommittee will support the Administration position.

The rest of the hearing proceeded smoothly as the two lead witnesses made it clear that Amtrak and the FRA have co-operated closely in the development of the restructuring plan.

10. Aviation -- FAA Administrator Bond defended his tightening of air safety rules before the Aviation Subcommittee of House Public Works Tuesday. The new rules resulted from a mid-air collision of a commercial jetliner and a private plane over San Diego last September. The rules which restrict air space available to planes that are not under the control of air traffic controllers have won strong support from commercial airlines and their pilots and bitter opposition from private plane owners and pilots.

Ten organizations representing the general aviation community, label the proposals as "unnecessary, unwarranted and drastic". Congressman Snyder, Ranking Minority Member of the Subcommittee also oppose the new rules.

11. Public Works and the Budget -- After several days of hearings on the Administration's implementation of the Surface Transportation Act of 1978, the House Public Works Committee, which authored the bill, is preparing for battle over the funding levels proposed in the President's budget for FY'80.

"Bizz" Johnson, Chairman of the full Committee and Jim Howard, Chairman of the Surface Transportation Subcommittee have announced plans to push hard for funding at the full authorization levels set out in the '78 Act. Accordingly, Public Works has asked the Budget Committee to approve a \$9.2 billion obligation limit on the Highway Trust Fund (\$700 million over the President's budget) and an additional \$400 million in budget authority for highway and transit programs.

12. Alaska Lands -- Chairman John Breaux of the House Merchant Marine and Fisheries Committee, Subcommittee on Fisheries, Wildlife Conservation and the Environment, has scheduled mark-up of the Alaska legislation beginning March 28.

Breaux intends to use a "staff draft" prepared by himself in concert with John Dingell, Ed Forsythe and Don Young, as a mark-up vehicle. The substance of this "staff draft" has been closely held by the participants. WHCL, Interior CL and USDA CL are working closely to plan Administration strategy for both the Committee and floor action. Further developments must await the introduction of Breaux's substitute.

13. Water -- The Senate Energy Research and Development Subcommittee (Chairman, Senator Frank Church) completed hearings today on reclamation law reform. The Administration's position was presented in the form of amendments to a bill, S. 14, authored by Senator Church. The hearings represented an extension of those held in 1978 and added little new information.

Senator Church is attempting to mark-up a bill prior to Senate's scheduled April 13 Easter recess. While S. 14 is expected to be the mark-up vehicle, support appears to be building for a number of the concepts embodied in S. 633 authored by Senators McClure, McGovern, and others sympathetic to the western agricultural interests represented by the Farm Water Alliance. Key differences between the Administration's position and legislation which is likely to emerge from the Senate Subcommittee involve the issues of residency and limitations on the amount of land which a farm operator can lease and still receive Federal reclamation water.

14. Tourism -- The first veto candidate to reach your desk this Congress is likely to be the Tourism bill. Sponsored by Senators Inouye and Cannon, it passed the Senate easily and is now before the House. Interstate and Foreign Commerce Committee Chairman Staggers, Congressman Florio and Congressman Santini have introduced the same bill. They hope to have it on your desk before the April recess.

The bill is diametrically opposed to the Administration's position. It adds money to the U.S. Travel Service rather than providing for the cuts your budget proposes.

The Commerce Department is encouraging GOP Members in the House to develop their plan for a self-financed, Federally-chartered, non-profit corporation that could assume many of the functions of USTS at no cost to the Federal government. Even if we supported the creation of such a corporation as a compromise, Congress is likely to insist on a one-year extension of USTS authorities (with augmented funding) while the corporation is being established.

We will continue to explore long-term solutions to the USTS problem, but the outlook for this year appears bleak.

15. Reorganization

Education -- Hearings on the Department of Education bill are scheduled for next Monday and Tuesday before Brooks' Subcommittee. McIntyre will be the lead witness Monday. There will only be three days after the hearings and before the Easter recess on which the Subcommittee can meet. Therefore, it is unlikely that markup will be completed before Easter.

The Senate Governmental Affairs Committee will attempt to complete and file its report on Monday (March 26th). If it succeeds, the Bill could be brought up on the Senate floor as early as March 29. If the report is not filed on Monday, floor consideration would be delayed until the week of April 2nd. At the moment the only major issue we expect to face on the floor is a Kennedy amendment to delete the NSF transfers. We understand that Senators Magnuson, Stevenson and Schmitt have agreed to co-sponsor the amendment. If that is true, the issue may be more difficult than last year when we were able to table a similar Schmitt amendment by a 62-23 vote. However, Committee staff has prepared a compromise that may be acceptable to us.

Natural Resources -- WHCL will report to you Monday concerning our discussions with Senators Ribicoff and Byrd on Senate strategy.

Foreign Aid Reorganization -- The Senate Governmental Affairs Committee staff continues to object to the submission of the IDCA reorganization without a more detailed description of the proposed executive order. Assuming that we are able to satisfy these objections, April 11th is the earliest that the plan could be submitted. Earlier submission would require Chairman Jack Brooks' specific concurrence, since it might jeopardize the Department of Education markup.

This is a recurring theme from the Senate Committee. Ribicoff does not like to authorize substantial reorganization without a clear notion of organizational specifics in the reorganized agency.

Regulatory Reform -- If your speech to the National Association of Broadcasters in Dallas this Sunday is not used to announce the Regulatory Reform Bill, submission of the Bill to Congress will be delayed until the middle of next week. The Senate Committee is very anxious to get the legislation. Hearings before the Senate Governmental Affairs Committee are presently scheduled for the 6th and perhaps the 9th of April. Mark-up is not expected before mid-May. House hearings have not been scheduled but should begin before the end of April.

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WEDNESDAY.

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THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Real Wage Insurance -- Treasury CL reports that the Administration needs to decide whether a substantial additional effort will be made for RWI as there is a strong likelihood some committees will reject the proposal the first week of April.

The Committee situation is as follows:

Senate Budget Committee -- The Senate Budget Committee will mark up the First Budget Resolution for FY '80 the week of April 3. In our judgment, there is a good chance that Real Wage Insurance will not survive this mark up.

This week the Committee decided they would use the CBO's budget figures rather than the Administration's, resulting in a budget deficit of from \$34 to \$37 billion. Hence, there will be an impetus to eliminate an additional \$5+ billion from our budget.

Neither the Committee staff nor Muskie are enthusiastic. Senators Chiles, Johnston, and Exon could easily vote no. Their votes combined with the eight Republicans would be more than the eleven votes necessary to eliminate real wage insurance in the Committee.

House Budget Committee -- We are in somewhat better shape in the House Budget Committee. Giaimo and Wright are favorable. Nonetheless, if four additional Democrats join Brodhead and the Republicans, we will have a majority opposed to us.

Ways and Means -- Alternatives continue to be circulated by the Members themselves and a conclusive result is not expected until the Trade Subcommittee returns from China the first week in April.

2. Council on Wage and Price Stability -- By a vote of 242 to 175, the House Wednesday passed a one-year extension for COWPS instead of two-year reauthorization.

The Senate will take the bill up next week.

3. Debt Limit -- The Senate will again take up the debt limit bill on Monday. Senators Dole, Armstrong, Domenici and others have been pushing various budget balancing amendments, while Senators Byrd and Long have been working to avoid the same. It now appears Long may have to accept a compromise amendment with no teeth but much rhetoric.

Senator Proxmire will offer his amendment to extend the life of the Renegotiation Board. The amendment is not likely to pass. We have informed Proxmire we will support his amendment only if the bill itself is otherwise amended. If the Proxmire Amendment were to pass, the bill would have to go to conference. Since Chairman Ullman and other members of the Ways and Means Committee are in China, a conference would be delayed, probably until after the March 31 expiration date of the current debt limit.

4. Budget Process -- The Congressional Budget process for FY 79 has hit a serious snag. Because of the increase in debt service costs, the ceilings set in the 2nd Resolution have almost been reached. As a result, we have approximately \$14 billion in FY '79 Supplemental Requests that have not been acted on. Now, we are urgently seeking at least \$800 million in a FY '79 supplemental for the Mideast peace package.

The Budget Committees will most likely respond with a plan to combine the first resolution for FY '80 with a 3rd resolution for FY '79. While this plan is possible, it has never been done before and will no doubt meet with resistance. Passing the 1st Resolution has historically been a very divisive process and any additional burden could delay the Budget Process, and therefore delay funds for the Israeli air bases.

Mark-up on the First Budget Resolution begins the week after next in both Houses.

The Budget Task Force predicts that the Budget Committees will report a deficit no higher than the \$29 to \$30 billion range. We expect Defense budget authority to be cut in the House and the States' portion of General Revenue Sharing to be eliminated in both chambers.

Since both committees are costing our budget recommendations at a higher deficit than we show, we expect they will propose further cuts to attain the \$29 billion target. In order to pass the resolution, the Administration will have to accept many of these cuts, which will be painful to certain Cabinet departments.

5. Health Issues

Hospital Cost Containment -- The Senate Finance Committee spent two hours on HCC while reviewing the Talmadge Medicare-Medicaid legislation, but postponed consideration of the major issues.

It appears now that the Committee will not take up the Talmadge Bill again until April 10 and 11.

Senator Nelson assured us that the Administration's proposal, as it relates to the Talmadge Bill, will receive full debate and consideration.

We are continuing to meet with members of the Finance Committee to try to put together a majority for a cost containment bill.

It now appears the first subcommittee to report cost containment legislation will be the Kennedy Subcommittee, which is scheduled to meet on Tuesday and Wednesday of next week. Although some amendments are anticipated, chances are good that our bill will emerge from the subcommittee intact.

National Health Care -- Secretary Califano will testify on Tuesday, March 27, before the full Finance Committee on national health care legislation.

The Committee has before it for purposes of the Tuesday and Wednesday hearing Senator Long's catastrophic health insurance legislation and the Long-Ribicoff health care bill which includes catastrophic and other provisions.

The Secretary will address those measures and discuss in general the Administration's intentions with respect to the national health plan and the legislation to implement the first phase of that program.

6. Rescissions -- March 20, House-Senate conferees met on the FY '79 rescissions and quickly resolved their differences. The House acceded to all Senate rescissions for HEW programs, totaling \$95.85 million (including a 20 percent across-the-board cut in health professions capitation), while the Senate acceded to the House action restricting all funds under the new Career Education Incentive Act for elementary and secondary schools. The conference report is scheduled for House action Tuesday, March 27, with Senate action expected shortly thereafter.

This must be considered a major Administration victory.

7. Nurse Training Amendments -- The Subcommittee approved reduced funding levels (to \$103 million) for all seven program categories, a figure slightly less than half of the pending House version and in agreement with the conference committee rescission agreement reported on March 20. These figures are within OMB's range of acceptability. Thus, we will now focus on the Appropriations Committee to get as low a figure as possible. In the House, the going will be much tougher, as Chairman Staggers is not inclined to make any cuts.

8. Deregulation -- The jurisdictional dispute between Senators Kennedy and Cannon has been settled. The Commerce Committee will get the bill. If Commerce reports it out, it goes to Judiciary for thirty days. Kennedy's Committee gets a chance to hold hearings on the bill but cannot amend it in Committee. Cannon has effectively defended what he regards as his turf, and Kennedy has been forced to settle for a face-saving gesture.

On the House side, Congressmen Mikva and Derwinski issued strong endorsements Friday for deregulation. They are the first in the House to do so.

9. AMTRAK -- FRA Administrator Sullivan and Amtrak President Boyd shared the witness table amicably for two days of Amtrak hearings before the House Transportation Subcommittee. Congressman Conte took advantage of the occasion to defend the "Montrealer", a train slated to be cut that crosses his central Massachusetts' district.

The other Members of the Subcommittee did not protest the re-structuring and we remain confident that the Subcommittee will support the Administration position.

The rest of the hearing proceeded smoothly as the two lead witnesses made it clear that Amtrak and the FRA have co-operated closely in the development of the restructuring plan.

10. Aviation -- FAA Administrator Bond defended his tightening of air safety rules before the Aviation Subcommittee of House Public Works Tuesday. The new rules resulted from a mid-air collision of a commercial jetliner and a private plane over San Diego last September. The rules which restrict air space available to planes that are not under the control of air traffic controllers have won strong support from commercial airlines and their pilots and bitter opposition from private plane owners and pilots.

Ten organizations representing the general aviation community, label the proposals as "unnecessary, unwarranted and drastic". Congressman Snyder, Ranking Minority Member of the Subcommittee also oppose the new rules.

11. Public Works and the Budget -- After several days of hearings on the Administration's implementation of the Surface Transportation Act of 1978, the House Public Works Committee, which authored the bill, is preparing for battle over the funding levels proposed in the President's budget for FY'80.

"Bizz" Johnson, Chairman of the full Committee and Jim Howard, Chairman of the Surface Transportation Subcommittee have announced plans to push hard for funding at the full authorization levels set out in the '78 Act. Accordingly, Public Works has asked the Budget Committee to approve a \$9.2 billion obligation limit on the Highway Trust Fund (\$700 million over the President's budget) and an additional \$400 million in budget authority for highway and transit programs.

12. Alaska Lands -- Chairman John Breaux of the House Merchant Marine and Fisheries Committee, Subcommittee on Fisheries, Wildlife Conservation and the Environment, has scheduled mark-up of the Alaska legislation beginning March 28.

Breaux intends to use a "staff draft" prepared by himself in concert with John Dingell, Ed Forsythe and Don Young, as a mark-up vehicle. The substance of this "staff draft" has been closely held by the participants. WHCL, Interior CL and USDA CL are working closely to plan Administration strategy for both the Committee and floor action. Further developments must await the introduction of Breaux's substitute.

13. Water -- The Senate Energy Research and Development Subcommittee (Chairman, Senator Frank Church) completed hearings today on reclamation law reform. The Administration's position was presented in the form of amendments to a bill, S. 14, authored by Senator Church. The hearings represented an extension of those held in 1978 and added little new information.

Senator Church is attempting to mark-up a bill prior to Senate's scheduled April 13 Easter recess. While S. 14 is expected to be the mark-up vehicle, support appears to be building for a number of the concepts embodied in S. 633 authored by Senators McClure, McGovern, and others sympathetic to the western agricultural interests represented by the Farm Water Alliance. Key differences between the Administration's position and legislation which is likely to emerge from the Senate Subcommittee involve the issues of residency and limitations on the amount of land which a farm operator can lease and still receive Federal reclamation water.

14. Tourism -- The first veto candidate to reach your desk this Congress is likely to be the Tourism bill. Sponsored by Senators Inouye and Cannon, it passed the Senate easily and is now before the House. Interstate and Foreign Commerce Committee Chairman Staggers, Congressman Florio and Congressman Santini have introduced the same bill. They hope to have it on your desk before the April recess.

The bill is diametrically opposed to the Administration's position. It adds money to the U.S. Travel Service rather than providing for the cuts your budget proposes.

The Commerce Department is encouraging GOP Members in the House to develop their plan for a self-financed, Federally-chartered, non-profit corporation that could assume many of the functions of USTS at no cost to the Federal government. Even if we supported the creation of such a corporation as a compromise, Congress is likely to insist on a one-year extension of USTS authorities (with augmented funding) while the corporation is being established.

We will continue to explore long-term solutions to the USTS problem, but the outlook for this year appears bleak.

15. Reorganization

Education -- Hearings on the Department of Education bill are scheduled for next Monday and Tuesday before Brooks' Subcommittee. McIntyre will be the lead witness Monday. There will only be three days after the hearings and before the Easter recess on which the Subcommittee can meet. Therefore, it is unlikely that markup will be completed before Easter.

The Senate Governmental Affairs Committee will attempt to complete and file its report on Monday (March 26th). If it succeeds, the Bill could be brought up on the Senate floor as early as March 29. If the report is not filed on Monday, floor consideration would be delayed until the week of April 2nd. At the moment the only major issue we expect to face on the floor is a Kennedy amendment to delete the NSF transfers. We understand that Senators Magnuson, Stevenson and Schmitt have agreed to co-sponsor the amendment. If that is true, the issue may be more difficult than last year when we were able to table a similar Schmitt amendment by a 62-23 vote. However, Committee staff has prepared a compromise that may be acceptable to us.

Natural Resources -- WHCL will report to you Monday concerning our discussions with Senators Ribicoff and Byrd on Senate strategy.

Foreign Aid Reorganization -- The Senate Governmental Affairs Committee staff continues to object to the submission of the IDCA reorganization without a more detailed description of the proposed executive order. Assuming that we are able to satisfy these objections, April 11th is the earliest that the plan could be submitted. Earlier submission would require Chairman Jack Brooks' specific concurrence, since it might jeopardize the Department of Education markup.

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